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Ms. Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Room TW-A325
Washington, D.C. 20554

Re: *Ex Parte Notice*

Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions, GN Docket No. 12-268;
Policies Regarding Mobile Spectrum Holdings, WT Docket No. 12-269

Dear Ms. Dortch:

T-Mobile USA, Inc. has advocated for limits on the amount of spectrum any single bidder can obtain below 1 GHz because reasonable spectrum-aggregation limits encourage wireless competition.¹ Well-crafted limits can also increase auction participation and enhance auction revenues. The attached economic white paper, *The Rationale for Spectrum Limits and Their Impact on Auction Outcomes*, provides additional evidence for this position by examining some of the many international examples of auctions that have incorporated spectrum-aggregation limits. The study documents how well-designed spectrum-aggregation limits can increase auction revenues while simultaneously increasing competition.

The author of the white paper, Dr. Peter Cramton, is a Professor of Economics at the University of Maryland and a leading scholar of auction theory and practice. He is a co-inventor of the spectrum auction design used in Canada, Australia, and many European countries to auction 4G spectrum and played a lead role in designing electricity and gas auctions in North America, South America, and Europe. Dr. Cramton's academic research focuses on the design of auctions for many items, including spectrum, and his work has appeared in the leading economic journals. He is also the Chairman of Market Design Inc., an economics consultancy focusing on the design of auctions.

¹ T-Mobile USA, Inc. is a wholly-owned subsidiary of T-Mobile US, Inc., a publicly traded company.

In his review, Dr. Cramton explains how spectrum auctions that incorporate reasonable spectrum-aggregation limits stimulate consumer-friendly competition while sustaining high – and often record-breaking – auction revenues. For example, the United Kingdom’s 3G auction, which imposed strict spectrum-aggregation limits that guaranteed at least one new entrant, sparked robust demand from potential new entrants and generated exceptional auction revenues while introducing an innovative new competitor into the U.K. market. To this day, the U.K. auction is widely considered one of the most successful spectrum auctions of all time.

Dr. Cramton’s study also refutes assertions recently submitted by the organization Mobile Future, which claims that spectrum-aggregation limits have been ineffective at increasing competition for wireless services.² As Dr. Cramton explains, the conclusions of the Mobile Future paper prepared by Robert Earle and David Sosa are based on incomplete examinations of auction events or inaccurate characterizations of the mechanism subject to criticism. For example, Dr. Cramton observes that in the German 3G auction cited by Earle and Sosa,³ the relevant bidders were *not*, in fact, constrained by the aggregation limits and, thus, the spectrum-aggregation limits that applied during the German 3G auction had no effect on the auction results or subsequent market developments. Similarly, Dr. Cramton explains how Earle and Sosa confuse or mischaracterize policies wholly unrelated to spectrum-aggregation limits, such as installment payment plans, with spectrum-aggregation limits.

Dr. Cramton’s study provides further arguments and evidence that the Commission should adopt reasonable spectrum-aggregation limits for the upcoming 600 MHz incentive auction. Both auction theory and real-world experience attest to the efficacy of reasonable limits on resource concentration in increasing competition, enhancing consumer welfare, and generating auction revenue.

Pursuant to Section 1.1206(b)(2) of the Commission’s rules, an electronic copy of this letter is being filed for inclusion in the above-referenced docket.

Respectfully submitted,

/s/ *Trey Hanbury*

Trey Hanbury
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Attachment A

² See, e.g., Written *ex parte* presentation of Mobile Future, GN Docket No. 12-268 & WT Docket No. 12-269 (July 31, 2013).

³ See *id.*